

Statement of Chairman David M. McIntosh
Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs
on
“The Kyoto Protocol: Is the Clinton-Gore Administration
Selling Out Americans? Part III”
May 20, 1998

First, I would like to welcome our witnesses: Governor Underwood of the State of West Virginia — thank you very much for taking the time to testify on an issue of very serious concern to your State. I would also like to thank Representative Scott Orr of the Montana State Legislature, who will tell us about the effects of the Kyoto Protocol on the people of Montana. And, finally, I want to welcome my good friend Daniel Canan, the Mayor of my hometown of Muncie, Indiana.

The purpose of today’s hearing is to examine the potential impact of the Kyoto Protocol on State and local governments and the communities they serve. Many governors, mayors, legislators, and other elected officials, several of whom we will hear from today, are very apprehensive about the potentially devastating effects the Treaty’s requirements will have on the economies and social fabric of their States and cities. As yesterday’s hearing revealed, the Clinton Administration has not only failed to disclose what the true impacts of the Treaty will be on the American economy — they publicly refuse to provide any credible economic analyses to back up their rosey predictions.

The leaders of our States and cities want to know the facts, because they know that the workers, families, and small businesses in their communities will be the ones who will have to pay the price of national sacrifice.

These leaders are also concerned about the Clinton Administration’s back-door attempt to bypass the Constitution and implement the Treaty through what appears to be an elaborate, taxpayer-funded campaign to cajole, lobby, and, ultimately, coerce the States and cities into early compliance — without waiting for Senate ratification.

EPA Taxpayer-Funded Lobbying of the States

Using federal money, the Clinton EPA has waged a behind-the-scenes propaganda campaign aimed at pressuring State environmental agencies into implementing the requirements of the Treaty. For example, at an EPA-bankrolled conference entitled “Climate Change: Post-Kyoto and Beyond,” held in Baltimore on January 22 of this year, participants from State governments were instructed in a conference brochure that the U.S. “must now begin designing policies and programs to meet [the] reduction goal[s]” of the Kyoto Protocol.

In other words, the EPA is using taxpayer money to lobby unelected State bureaucrats to begin implementing the Kyoto Treaty — even though the Treaty has not been ratified. Under the Constitution, a treaty must be ratified by the United States Senate before it can go into effect. The Senate has made it very clear — through a 95 to zero vote — that it will not ratify any treaty

that exempts the developing nations.

The Treaty is also patently unfair because it exempts 77 percent of all countries from any obligations. China, India, Mexico, and Brazil, just to name a few, are completely unfettered by the Treaty — these countries already have the competitive advantages of cheap labor, lower production costs, and lower environmental, health, and safety standards. If President Clinton has his way, now these countries will be free to develop and pollute all they want, while the U.S. economy goes into a deep freeze.

The leaders of China and other developing nations understand that it's to their advantage not to subject their nations to the same requirements as the U.S. and other developed nations — they are not about to sell out their own countries for the sake of an unproven theory. Instead, they prefer to let President Clinton and Vice President Gore to sell out the U.S. and give away American jobs and American competitiveness — and this is precisely what our President and Vice President are doing.

But these economic realities have not deterred Clinton-Gore and their radical environmentalist cronies within Administration. They seem to be willing to sacrifice the American economy to an ideology and sell out our national prosperity, and even our national security, regardless of the wishes of American people and their elected representatives. And if they can't achieve their political goals through constitutional processes, they are apparently willing to break the law — by using taxpayer dollars to co-opt State agencies to implement the Treaty through the back door.

A number of State legislatures have prudently taken action to prevent early implementation of the Treaty in their States. Governor Underwood has taken the lead in West Virginia by signing legislation to prevent his environmental quality agency from imposing EPA-style emissions reduction programs on the people of West Virginia.

The Costs of Kyoto

Whether ratified or unratified, the Kyoto Protocol could become the most costly and far-reaching scheme of regulatory control this country has ever known. What does the Kyoto Protocol mean for American workers, consumers, and families?

The rigid emissions-reduction requirements of this Treaty could result in energy rationing on a scale not seen since the stagflation and gas lines of the Carter presidency.

Gas prices could go up 70 cents per gallon — if Vice President Gore gets his way.

According to the AFL-CIO, as many as 1.5 million jobs could be lost by 2010. Independent studies estimate that the full totals for job loss will be far higher. The days of full employment will be no more.

Prices for basic consumer goods like food and clothing could rise more than 50 percent, driving down real wages by about \$2,600 per household by 2010.

Impact on the States

According to independent studies, some States and local communities will be particularly hard hit by new energy taxes required under the Treaty.

States that rely on energy production, manufacturing, and trade exports will be the hardest hit. As Governor Underwood and Representative Orr will testify, this means economic chaos for the coal mining states like West Virginia and Montana. Montana and West Virginia in particular will lose thousands of jobs — over 11,000 jobs are expected to disappear in Montana alone, a sparsely populated State. West Virginia will lose over 6,000 jobs, including 3,000 high-paying manufacturing jobs, while the price of natural gas for consumers and industries in West Virginia will rise 50-70 percent. Oil-producing States will also take heavy losses — Louisiana, Texas, Oklahoma in particular could lose 4 percent or more of their Gross State Product by 20 10.

States depending on energy-intensive manufacturing industries, including the automobile, steel, aluminum, paper, and chemical industries, will also bear a disproportionate burden — Indiana, Michigan, New Jersey, Tennessee, and Alabama will be especially hard hit.

Let me give you one example of the devastation that this Treaty could cause in my district in Indiana. Three years ago, foreign competition and high regulatory costs drove a thousand jobs making manual transmissions from the Borg Warner plant in Muncie to Mexico. Now, if Bill Clinton and Al Gore have their way, the remaining 1,200 jobs at the plant, making transfer cases for sport utility vehicles, could be driven out because higher energy costs will make it too costly to manufacture them in the United States and because the high price of gasoline could destroy consumer demand for these vehicles.

Consider the expected job losses for a number of the States represented by members of this Subcommittee.

If President Clinton and Vice President Gore get their way:

- The State of Georgia will lose 35,000 jobs, including 20,000 jobs in manufacturing
- Alabama — more than 47,000 jobs, including 15,000 manufacturing jobs
- Illinois — 180,000 jobs altogether
- Arizona — 93,000 jobs
- Ohio — 58,000, including 34,000 manufacturing jobs
- Texas — 123,000 — 43,000 of those are in manufacturing

- Tennessee — 35,000 — 17,000 in manufacturing
- Pennsylvania — 32,000 — 22,000 in manufacturing
- California — 300,000 total jobs, 60,000 of which are in manufacturing

The list goes on. In State after State, the real result of the Clinton-Gore Administration's climate change policy will be economic and social destruction.

Conclusion

In this hearing, our State and local leaders will tell the American people about the real costs of Kyoto to their communities -the factories that will be closed, the jobs that will be lost, the small towns that will be boarded up, the pay cuts, the hidden tax on everything from food to family vacations, and, in short, the knife in the back of the American Worker. Despite serious doubts about the science, one thing is certain: the economic and social effects will be catastrophic. If Vice President Gore and the radical environmentalists get their way and Kyoto is implemented, Clinton-Gore will be the first Administration since Jimmy Carter's to usher in a shrinking American economy.